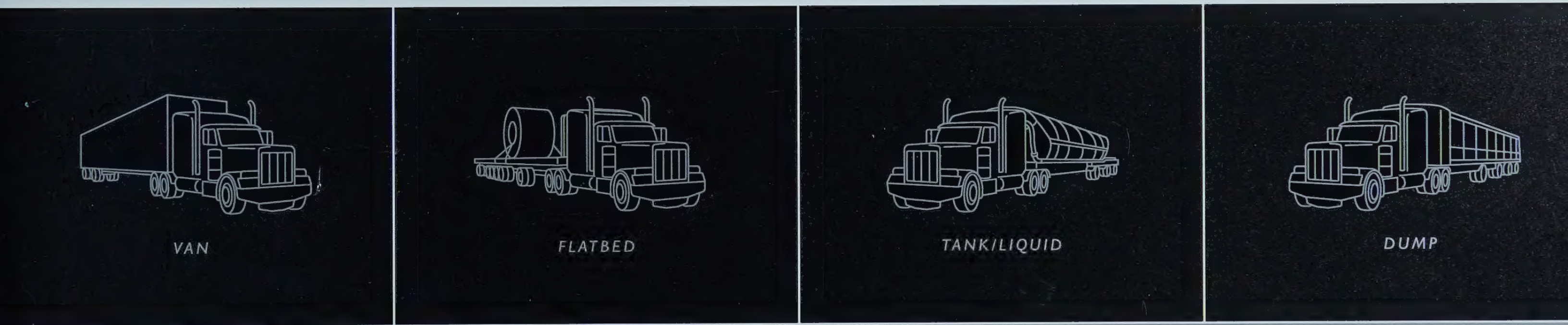
CONTRANS CORP

THE NEXT GENERATION CARRIER



ANNUAL REPORT 2001

CONTRANS CORP. IS A PUBLICLY TRADED HOLDING COMPANY LISTED ON THE TORONTO STOCK EXCHANGE.

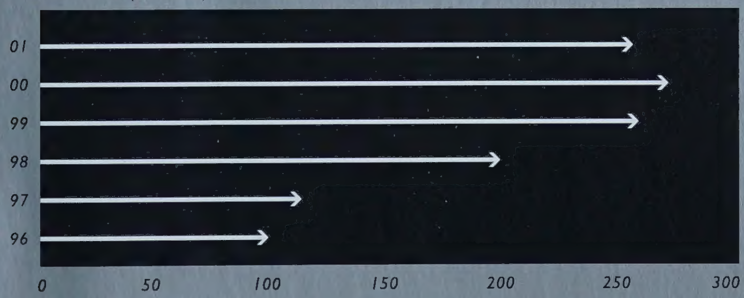
IT IS ONE OF THE LARGEST CANADIAN TRUCKING ORGANIZATIONS. CONTRANS' SUBSIDIARIES PROVIDE TRUCKLOAD TRANSPORTATION SERVICES THROUGHOUT NORTH AMERICA.

CONTRANS CORP. TERMINAL LOCATIONS

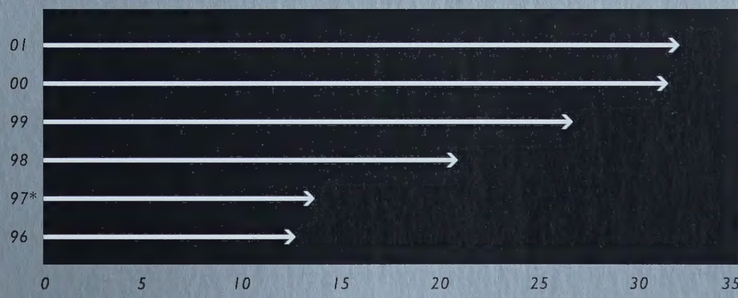
Year Ended August 31 (000's omitted except per share amounts)	**2001**	2000	1999	1998	1997	1996
Revenue	**$ 257,045**	$ 270,945	$ 258,062	$ 198,289	$ 113,067	$ 99,065
EBITDA	**$ 31,819 12.4%**	$ 31,268 11.6%	$ 26,501 10.3%	$ 20,671 10.4%	$ 13,511 11.9%	$ 12,488 12.6%
Net Income	**$ 13,814 5.4%**	$ 10,709 4.1%	$ 8,732 3.4%	$ 8,217 4.1%	$ 5,802 5.1%	$ 4,856 4.9%
Earnings Per Share (Basic)	**$ 3.05**	$ 2.18	$ 1.68	$ 1.81	$ 1.41	$ 1.14

CONTRANS DELIVERED RECORD EARNINGS DESPITE A DIFFICULT BUSINESS ENVIRONMENT.

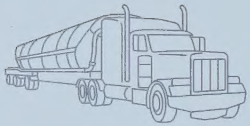
REVENUE ($ millions)



EBITDA ($ millions)



* Excludes extraordinary gain.



Prior to September 11, 2001, signs of tougher times were already apparent.

Contrans Corp. had another solid year. Earnings before taxes exceeded $20 million for the first time ever despite a 5% decline in revenue. Recognition of reduced future federal and provincial income tax rates, as required by Canadian generally accepted accounting principles, resulted in a $2.7 million benefit ($0.60 per share – basic). This helped improve net income to $13.8 million from the $10.7 million achieved last year. Basic earnings per share improved to $3.05 from $2.18.

While increasing operating profits in the face of declining revenues was no small accomplishment, it did not come as a big surprise. For the past few years, management has been diligently rationalizing unprofitable business, eliminating redundant overhead costs, disposing of underutilized equipment and instilling our operating philosophy in the businesses that we have acquired. Through these efforts, we have turned once-troubled companies into profitable operations. In our more mature operations, our driving force continues to be dedication to quality revenue and a constant search for operational improvements. Complemented by our conservative approach to financing, these strategies have enabled us to improve our profit performance again this year.

For years, the trucking industry has had a shortage of well-qualified owner-operators and drivers. Attracting and retaining these professionals is just as important to us as attracting and retaining good customers. One is not much good without the other. Our low turnover rates reflect the high esteem in which we hold these individuals throughout our organization.

The Company's string of record earnings has often been met by indifference in the market over the

ATTRACTING AND RETAINING WELL-QUALIFIED OWNER-OPERATORS AND COMPANY DRIVERS IS JUST AS IMPORTANT TO US AS ATTRACTING AND RETAINING GOOD CUSTOMERS.

We also witnessed tightening of available credit as an increasing number of companies went bankrupt or sought court protection.

years. On some occasions, record earnings have merely caused our shares to trade at lower earnings multiples. Now, however, amidst growing concerns over the state of the economy, some people are starting to recognize Contrans' real underlying value.

Prior to September 11, 2001, signs of tougher times were already apparent. We encountered more plant shut downs last year than what we have faced since the early 1990s. We also witnessed tightening of available credit as an increasing number of companies went bankrupt or sought court protection from their creditors. Since September 11, the stock markets have been volatile, large layoffs have occurred and reports of a looming global recession have regularly appeared in the press. If the economy slumps into a prolonged recession, we expect that competitors burdened with debt will flounder and possibly disappear. Conversely, we believe that Contrans' strong balance sheet will permit the Company to act on the opportunities that a recession brings rather than to become one of its victims.

Respectfully submitted,

Stan G. Dunford
Chairman of the Board
and President
October 10, 2001

Our driving force continues to be dedication to quality revenue.

The following comments are intended to provide a review and analysis of the Corporation's results of operations and financial position for the year ended August 31, 2001 in comparison with the year ended August 31, 2000 and should be read in conjunction with the consolidated financial statements and accompanying notes.

Results from Operations

Revenue for the year ended August 31, 2001 was $257 million, a decrease of $14 million from 2000. The following factors adversely affected our volumes:

- Economic activity in general was slower this year than last year
- Shipments from our customers in the steel industry were lower early in the year
- Several customers had temporary plant shut downs due to a lack of demand for their products
- Unusually severe winter weather conditions hindered freight movements
- Last year, management rationalized less profitable freight in certain of its operations. This affected all twelve months this year.

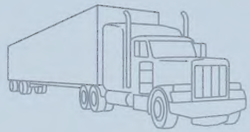
These factors were offset to a degree by increased volumes from our customers in the construction industry.

Management recognized signs of a slowing economy last year and responded by increasing its emphasis on cost control. Redundant leased equipment was bought out and sold late in 2000. Overhead costs were reduced and operating efficiencies were realized

Year Ended August 31 (000's omitted)	2001		2000	
Revenue	**$ 257,045**	**100.0%**	$ 270,945	100.0%
Operating expenses	**203,372**	**79.1**	216,379	79.8
Selling, general and administration expenses	**21,854**	**8.5**	23,298	8.6
Net Earnings Before Interest, Taxes and Amortization (EBITDA)	**31,819**	**12.4**	31,268	11.6
Amortization of property and equipment	**8,375**	**3.3**	8,042	3.0
Net interest expense	**2,169**	**0.8**	2,587	0.9
Income Before Income Taxes and Goodwill Charges	**21,275**	**8.3**	20,639	7.7
Provision for Income Taxes	**6,339**	**2.5**	8,906	3.3
Income Before Goodwill Charges	**14,936**	**5.8**	11,733	4.4
Amortization of goodwill, net of tax	**1,122**	**0.4**	1,024	0.4
Net Income	**$ 13,814**	**5.4%**	$ 10,709	4.0%

"WE'VE HAD TO ELIMINATE A LOT OF POOR FREIGHT AND MAKE A LOT OF TOUGH DECISIONS ... TODAY CONTRANS IS THE STRONGEST THAT IT HAS EVER BEEN."

– STAN DUNFORD, 2001



We service a large customer base in various industries with our fleet of dry van, flatbed, dump, dry bulk and liquid tank trailers.

when three underperforming operations were closed between the months of March 2000 and September 2000. These efforts resulted in an improvement of profit measured as a percentage of revenue. EBITDA increased in 2001 to 12.4% ($31.8 million) from 11.6% ($31.3 million) achieved in 2000.

During the year, legislation was passed that reduced income tax rates over the next several years. Canadian generally accepted accounting principles require future income tax assets and liabilities to be measured using substantively enacted income tax rates that are expected to apply when the assets are realized or the liabilities are settled. As a result, the Company's net income was favourably affected by $2.7 million or $0.60 per share (basic).

Cash Flow

The Company's cash flow from operating activities before changes in non-cash working capital balances amounted to $21.2 million compared to $21.9 million in fiscal 2000. In the fourth quarter, the Company sold its terminal facility in Mississauga, Ontario for cash proceeds of $2.7 million.

In 2001, the Company spent $3.6 million on rolling stock compared to $15.2 million and $18.3 million in 2000 and 1999 respectively. Expenditures on rolling stock in 2000 and 1999 were made primarily to replace leased trailing equipment and to upgrade the fleets of the companies acquired in 1997 and 1998. The Company's other significant capital expenditure in 2001 was $1.7 million spent on a new terminal in Truro, Nova Scotia. The Company now owns all of its major operating facilities.

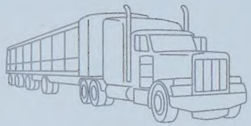
Since October 1995, the Company has had a program to repurchase its own shares in order to enhance the value of remaining shareholders. During 2001, the Company repurchased 310,000 Class A shares, the maximum number of shares under its normal course issuer bid, at a cost of $4.0 million. Management intends to continue with its share repurchase program, subject to regulatory approval, for as long as it feels that it will add value to the Company's shareholders.

Liquidity and Capital Resources

The Company's solid operating results have strengthened our balance sheet. Consider the following highlights of the improvement in the Company's balance sheet as at August 31, 2001 compared to August 31, 2000:

- The current ratio has improved to 1.4 compared to 1.2
- Cash amounted to $13.3 million compared to $3.9 million
- The debt to equity ratio was 0.9 compared to 1.3

As at August 31, 2001 the Company had unutilized long-term debt facilities of $10 million and another $26 million available in its operating line. In addition, the Company's real estate holdings are unencumbered and available for use as collateral.



We believe that Contrans' strong balance sheet will permit the Company to act on the opportunities that a recession brings rather than to become one of its victims.

The Company uses working capital to fund operating activities, repurchase shares and acquire real estate. In the past, the Company has also generally funded 30% of its equipment purchases with working capital.

In 2002, leases expire on approximately 170 of the Company's tractors. In consideration of the current business environment and a preference to engage the services of owner-operators, management does not anticipate replacing all of these units.

Business Risks

The Company is affected by economic cycles. We service a large customer base in various industries with our fleet of dry van, flatbed, dump, dry bulk and liquid tank trailers. Some of the Company's largest customers are in industries where demand for their goods is relatively inelastic.

The diversity of the Company's customer base also limits concentration of credit risk. The Company undertakes credit checks on new accounts and closely monitors the credit performance of all its customers.

The Company is subject to certain foreign exchange risks. The Company has positive U.S. dollar cash flow. Operationally, the relative weakness of the Canadian dollar against the U.S. dollar affects the flow of goods between Canada and the U.S. as well as the competition for this freight. The Company competes effectively by providing high levels of service to service-sensitive customers.

Contrans is subject to lawsuits from accidents and other insurable risks. The Company maintains prudent levels of insurance coverage and high safety standards to minimize this exposure. Furthermore, the Company contracts only with insurers licensed to underwrite in Canada. The Canadian insurance industry is highly regulated with stringent capital and liquidity requirements.

The Company relies primarily on the services of owner-operators and professional drivers to transport goods for our customers. Besides offering competitive rates of pay, management is conscientious of the quality of our working environment. When our own resources are unavailable, however, the Company has partner carriers that provide hauling capacity.

Changes in interest rates affect both interest paid on floating rate debt and interest received on surplus cash. Approximately 80% of the Company's long-term debt has a fixed interest rate.

Change in Accounting Policy

During the year, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants handbook section 3500, "Earnings Per Share". The impact of adopting this new recommendation is described in Note 1 (i) of the financial statements.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of Contrans Corp. and all the information in this annual report are the responsibility of management and have been reviewed and approved by the Board of Directors.

Management has prepared the financial statements in accordance with Canadian generally accepted accounting principles. Where alternative accounting methods exist, management has chosen those methods most appropriate in the circumstances. Financial statements are not precise since they include certain amounts based on estimates and judgement. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects. Management has ensured that the financial information presented throughout the annual report is consistent with that in the financial statements.

Management maintains systems of internal controls designed to provide reasonable assurance that the financial information is accurate and complete and that the Company's assets are adequately safeguarded.

The Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee.

The Board appoints an Audit Committee, which is comprised of outside directors. The Committee meets quarterly with management and regularly with the Company's external auditors, PricewaterhouseCoopers LLP, to discuss internal controls, auditing matters and financial reporting issues. PricewaterhouseCoopers LLP has full and free access to the Audit Committee. The Committee reports its findings to the Board who approve the financial statements for issuance to the shareholders. The Committee also considers, for review by the Board and approval by the shareholders, the engagement or reappointment of the auditors.

Stan G. Dunford
Chairman and President
October 3, 2001

AUDITORS' REPORT TO THE SHAREHOLDERS

To the Shareholders of Contrans Corp.

We have audited the consolidated balance sheets of Contrans Corp. as at August 31, 2001 and 2000 and the consolidated statements of operations, retained earnings and cash flow for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2001 and 2000 and the results of its operations and cash flow for the years then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP
Chartered Accountants
Hamilton, Canada
October 3, 2001

CONSOLIDATED STATEMENTS OF OPERATIONS

Year Ended August 31 (000's omitted except per share amounts)	**2001**	2000
Revenue	**$ 257,045**	$ 270,945
Operating expenses	**203,372**	216,379
Selling, general and administration expenses	**21,854**	23,298
Amortization of property and equipment	**8,375**	8,042
Income From Operations	**23,444**	23,226
Net interest expense (Note 4)	**2,169**	2,587
Income Before Income Taxes and Goodwill Charges	**21,275**	20,639
Income taxes (Note 7)	**6,339**	8,906
Income Before Goodwill Charges	**14,936**	11,733
Goodwill charges – net of income taxes recoverable of $120 (2000 – $144)	**1,122**	1,024
Net Income	**$ 13,814**	$ 10,709
Earnings per share – before goodwill charges	**$ 3.30**	$ 2.39
Earnings per share	**$ 3.05**	$ 2.18
Diluted earnings per share – before goodwill charges	**$ 3.28**	$ 2.37
Diluted earnings per share	**$ 3.04**	$ 2.17

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

Year Ended August 31 (000's omitted)	**2001**	2000
Retained Earnings – Beginning of Year	**$ 30,298**	$ 22,362
Net income	**13,814**	10,709
Premium paid on purchase of the Company's Class A shares (Note 6)	**(2,349)**	(2,773)
Retained Earnings – End of Year	**$ 41,763**	$ 30,298

The accompanying notes are an integral part of these statements.

Year Ended August 31 (000's omitted)	2001	[illegible]
Assets		
Current Assets		
Cash	$ 13,304	$ 3,881
Accounts receivable	29,964	31,960
Other current assets	2,527	2,213
	45,795	[illegible]
Property and Equipment *(Note 3)*	71,254	77,6[illegible]
Goodwill	7,676	8,918
	$ 124,725	$ 124,[illegible]
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	$ 20,970	$ 19,475
Income taxes payable	1,252	1,014
Current portion of long-term debt (Note 4)	9,561	10,606
	31,783	31,095
Long-Term Debt *(Note 4)*	20,321	[illegible]
Future Income Taxes	8,136	10,067
	60,240	70,114
Shareholders' Equity		
Capital Stock *(Note 6)*	22,722	24,239
Retained Earnings	41,763	30,298
	64,485	54,537
	$ 124,725	$ 124,651

The accompanying notes are an integral part of these statements

Signed on behalf of the Board

Stan G. Dunford, Director

Archie M. Leach, C.A., Director

	2001	2000
[illegible]	$ 13,814	$ 10,709
[illegible]	9,617	9,210
[illegible]	(1,931)	2,323
[illegible]	(336)	(382)
[illegible]	21,164	21,860
[illegible]	3,415	5,628
[illegible]	24,579	27,488
[illegible]	4,346	4,772
[illegible]	(5,960)	(17,394)
[illegible]	—	(3,161)
[illegible]	(1,614)	(15,783)
[illegible]	—	(14,463)
[illegible]	2,184	25,175
[illegible]	(11,860)	(14,159)
[illegible]	(3,978)	(4,540)
[illegible]	112	—
[illegible]	(13,542)	(7,987)
[illegible]	9,423	3,718
Cash – Beginning of Year	3,881	163
Cash – End of Year	$ 13,304	$ 3,881

1. Significant Accounting Policies

a) Principles of consolidation

The purchase method of accounting for business combinations has been used and the accounts of all subsidiaries have been consolidated with those of the parent company.

b) Property and equipment

Property and equipment are valued at acquisition cost less accumulated amortization. Amortization is provided over the estimated service lives of the assets, as follows:

Land Improvements and Buildings – Straight line over 15 to 40 years

Rolling Stock – Tractors 25% declining balance

Trailers Straight line over 10 to 15 years

Service Vehicles and Other Equipment – 20% to 30% declining balance

Management periodically reviews the estimated service lives of these assets and adjusts amortization accordingly.

c) Goodwill

Goodwill is amortized on a straight line basis over ten years. Accumulated amortization as at August 31, 2001 was $4,562,000 (2000 – $3,320,000). Management periodically reviews the value assigned to goodwill. Based upon expected future cash flows on an undiscounted basis, management has determined that goodwill has not been impaired in either fiscal 2001 or in fiscal 2000.

d) Revenue recognition

The Company recognizes revenue when freight services are provided.

e) Future income taxes

The Company follows the liability method of accounting for future income taxes. Under this method future income tax assets and liabilities are recognized for the estimated income tax consequences attributable to differences between financial statement carrying amounts of assets and liabilities and their respective income tax bases. Future income tax assets and liabilities are measured using tax rates expected to be in effect when the temporary differences are expected to be recovered or settled. The effects of changes in income tax rates are reflected in future income tax assets and liabilities in the year that the rate changes are substantively enacted.

f) Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts at the date of, and for the period of, the financial statements. Actual results could differ from those estimates. Estimates are reviewed on a regular basis and, as adjustments become necessary, they are reported in income in the periods in which they become known.

g) Company operations

The Company operates primarily in one business segment, the truckload transportation industry, based in Canada.

h) Stock option plan

The Company has a stock option plan (the "Plan") for its senior employees. Under the Plan, the Company may grant options to these employees for up to 476,000 Class A shares. The Board of Directors determines the exercise price of the options on the grant date. An option's maximum term is ten years. No compensation expense is recognized when stock options are issued. Any consideration paid on exercise of stock options is credited to share capital.

i) Earnings per share

The Company has applied the new accounting recommendations of section 3500 of the Handbook of the Canadian Institute of Chartered Accountants entitled "Earnings Per Share". The recommendations adopt the treasury stock method of recognizing the proceeds that could be obtained upon exercise of options in computing diluted earnings per share. Proceeds are assumed to be used to purchase Class A shares at the average market price during the year. Previously, additional earnings were imputed based on the proceeds resulting from the exercise of options. This change in reporting has been applied retroactively with restatement of the prior year. Under the imputed earnings approach, fully diluted earnings per share for fiscal 2001 and 2000 would be stated as $2.87 and $2.07 per share respectively.

2. Acquisition

On December 1, 1999 the Company acquired all of the shares of Glen tion Ltd. The fair value of assets acquired was $7,427,000 dwill of $2,718,000. Liabilities of $3,766,000 were assumed. Consideration consisted of $3,161,000 in cash and $500,000 in Class A shares. The acquisition has been accounted for by the purchase method and results of operations have been included from the date of acquisition.

3. Property and Equipment *(000's omitted)*

	2001			2000		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
ind improvements	$ 6,607	$ 707	$ 5,900	$ 7,227	$ 638	$ 6,589
lings	15,880	3,114	12,766	16,465	2,745	13,720
tock and other equipment	75,981	23,393	52,588	75,800	18,430	57,370
	$ 98,468	$ 27,214	$ 71,254	$ 99,492	$ 21,813	$ 77,679

Long-Term Debt *(000's omitted)*

	2001	2000
nterest fixed at rates between 6.11% and 7.61% at August 31, 2000)	$ 12,509	$ 18,121
fixed and floating interest rates between 6.6% and 7.67% 7% at August 31, 2000)	14,733	17,835
e contracts with fixed and floating interest rates ranging from 6.75% to 11% % to 11% at August 31, 2000)	500	1,277
nsecured loans, with interest at varying rates and due dates	2,140	2,325
	29,882	39,558
Current portion	(9,561)	(10,606)
	$ 20,321	$ 28,952

oans are repayable in equal monthly payments and anuary 2002 and December 2004. The way of a floating charge, all of the Company's e operating facility and term bank loans.

s payable are repayable in equal monthly payments and mature s between February 2002 and January 2006. Liens on rolling stock with a net book value of approximately $28.7 million have been provided as security.

The equipment finance contracts are repayable monthly and mature at dates between October 2001 and February 2004. Liens on rolling stock with a net book value of approximately $1.0 million have been provided as security.

Aggregate minimum payments required on long-term debt in each of the next five years to meet retirement provisions are as follows (000's omitted):

Year ending August 31,	
2002	*$ 9,561*
2003	*8,892*
2004	*6,564*
2005	*2,712*
2006	*13*
Thereafter	*2,140*
	$ 29,882

Net interest expense is comprised of the following:

	2001	2000
Long-term	**$ 2,522**	$ 2,319
Short-term	**(353)**	268
Net interest expense	**$ 2,169**	$ 2,587

5. Contingencies

OUTSTANDING LITIGATION

In September 1994, two actions were filed by separate groups of former employees against the Company's wholly-owned subsidiary, Laidlaw Carriers Inc. ("Laidlaw") and an Ontario loan and trust company. These actions involved the valuation of the employees' benefit plans in 1988. In 2001, after Laidlaw's application for leave to appeal an earlier court decision was denied, these actions became a single class proceeding.

Management is unable to determine the outcome of this lawsuit at this time.

6. Capital Stock

AUTHORIZED

Unlimited numbers of Class A Subordinate Voting Shares ("Class A Shares") and Class B Multiple Voting Shares ("Class B Shares") are authorized. The holder of each Class B Share is entitled to ten votes. No dividends may be paid on the Class B Shares unless an equal dividend per share is paid on the Class A Shares.

ISSUED AND FULLY PAID

(000's omitted)

August 31,	**2001**		[illegible]	
	Shares	**Amount**	Shares	Amount
Class A Shares	**4,065**	**$ 21,424**	4,366	$ 22,941
Class B Shares	**367**	**1,298**	367	1,298
		$ 22,722		$ 24,239

STOCK OPTIONS

A summary of the status of the Company's Stock Option Plan as of August 31, 2001 and 2000, and changes during the years ended on those dates is presented below:

	Options	Weighted average exercise price per share
Balance – August 31, 1999	344,780	$ 12.41
Issued	10,000	14.50
Balance – August 31, 2000	354,780	12.47
Issued	15,000	13.85
Exercised	(9,000)	12.41
Cancelled	(6,000)	12.41
Balance – August 31, 2001	354,780	$ 12.53

As at August 31, 2001, the unexercised options to purchase Class A Shares are as follows:

Options	Date Granted	Exercise Price	Expiry Date
329,780	December 1998	$12.41	October 2008
10,000	November 1999	$14.50	November 2004
15,000	November 2000	$13.85	November 2005

During the year, 9,000 Class A Shares were issued on exercise of stock options for proceeds of $112,000.

ACQUISITION OF SHARES

Pursuant to a Normal Course Issuer Bid, the Company purchased 310,000 of its own Class A Shares during 2001 (336,000 during fiscal 2000) for total consideration of $3,978,000 ($4,540,000 in fiscal 2000). [illegible]ss of the purchase price over the book value of the shares was charged to retained earnings. The shares were immediately cancelled.

OTHER CHANGES

[illegible] 2000, the Company issued 34,483 Class A Shares valued at $500,000 as partial payment for a business acquisition described in Note 2.

7. Income Taxes

The following table reconciles the Company's effective income tax rate with the basic income tax rate:

	2001	2000
	%	%
Combined basic Canadian federal and provincial income tax rate	42.7	44.3
Effect of tax rate changes on future income taxes	(13.3)	
Non-deductible items and other adjustments	1.6	0.7
Effective tax rate	31.0	45.0

8. Lease Commitments (000's omitted)

Future minimum payments for operating lease obligations are as follows:

Year ending August 31,	
2002	$ 5,520
2003	2,069
2004	1,688
2005	1,193
2006	49
	$ 10,519

9. Financial Instruments

The carrying values of accounts receivable, accounts payable and accrued liabilities and long-term debt approximate their fair value. The fair value of long-term debt is determined at the net present value of contractual future payments of principal discounted at current market rates of interest for similar debt instruments with terms stretching over the remaining lives of the outstanding loans.

10. Related Party Transactions (000's omitted)

The Company had business transactions with a company controlled by the Chairman of the Company as follows:

Year Ended August 31,	2001	2000
Transactions during the year:		
Equipment purchases	$ 781	$ 3,251
Rental income	134	140
Repairs and maintenance	2,086	1,791
Other	—	42
Balance at end of year:		
Accounts payable	72	66
Accounts receivable	5	6

These transactions were carried out in the normal course of business and at exchange amount, which is the amount of consideration established and agreed to by the related party.

11. Earnings Per Share *(000's omitted except per share amounts)*

Basic earnings per share are calculated using the weighted average number of shares. Diluted earnings per share reflects the dilutive effect of the exercise of stock options as disclosed in Note 6. The following table reconciles the net income and the number of shares for the basic and diluted earnings per share computations:

Year Ended August 31,	**2001**			2000		
	Net Income Available to Shareholders	**Shares**	**Per Share Amount**	Net Income Available to Shareholders	Shares	Per Share Amount
Basic earnings per share	**$ 13,814**	**4,529**	**$ 3.05**	$ 10,709	4,918	$ 2.18
Dilutive effect of options		**20**			28	
Diluted earnings per share	**$ 13,814**	**4,549**	**$ 3.04**	$ 10,709	4,946	$ 2.17

12. Cash Flow Statements *(000's omitted)*

Change in non-cash working capital:

Year Ended August 31,	**2001**	2000
Decrease in accounts receivable	**$ 1,996**	$ 5,323
Decrease (increase) in other current assets	**(314)**	1,374
Increase (decrease) in accounts payable and accrued liabilities	**1,495**	(1,339)
Increase in income taxes payable	**238**	270
	$ 3,415	$ 5,628

Cash provided by operating activities includes cash paid in respect of:

Year Ended August 31,	**2001**	2000
Interest	**$ 2,183**	$ 2,610
Income taxes	**8,032**	6,313

13. Quarterly Financial Information

(unaudited) *(000's omitted except per share amounts)*	Revenue	Net Income	Earnings Per Share (Basic)
Year ended August 31, 2001			
First Quarter	**$ 65,214**	**$ 2,822**	**$ 0.60**
Second Quarter	**61,025**	**1,981**	**0.44**
Third Quarter	**65,495**	**3,256**	**0.74**
Fourth Quarter	**65,311**	**5,755**	**1.30**
Year ended August 31, 2000			
First Quarter	$ 71,172	$ 2,816	$ 0.56
Second Quarter	64,660	1,973	0.40
Third Quarter	67,817	2,879	0.59
Fourth Quarter	67,296	3,041	0.64

Directors

Stan G. Dunford
President
Contrans Corp.

Robert B. Burgess, Q.C.
Barrister and Solicitor

Paul C. Conroy
President
Inter Pipe Limited

Archie W. Leach
President and C.E.O.
[illegible] Health Care Inc.

Gregory W. Rumble
Executive Vice-President
Contrans Corp.

Officers

Stan G. Dunford
Chairman of the Board and President

Gregory W. Rumble
Executive Vice-President

D. Jamieson Miller
Secretary-Treasurer

James S. Clark
Vice-President Finance

Principal Office

1179 Ridgeway Road
Woodstock, Ontario
N4S 8P6
(519) 421-4600

Transfer Agent and Registrar

Computershare Trust Company of Canada
100 University Avenue
Toronto, Ontario
M5J 2Y1

Annual Meeting

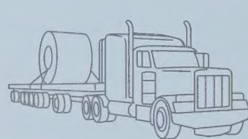
The annual meeting of Shareholders will be held at the
Four Seasons Hotel
21 Avenue Road
Toronto, Ontario
Wednesday, December 5, 2001
at 4:30 p.m.

Annual Information Form

A copy of the Company's Annual Information Form for Fiscal 2001 may be obtained without charge upon written request to the Company.

Website

www.contrans.ca



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Year Ended August 31 (unaudited)	**2001**	2000	1999	1998	1997	1996
Return on equity (1)	**23.2%**	20.9%	19.0%	26.6%	37.8%	43.4%
Operating ratio (2)	**91.4%**	91.9%	92.8%	92.1%	91.4%	90.8%
Debt to equity (3)	**0.93**	1.29	1.40	1.25	2.31	2.35
Cash flow (4)	**$ 21,164**	$ 21,860	$ 17,637	$ 13,158	$ 9,370	$ 8,868
Cash flow per share (5)	**$ 4.67**	$ 4.44	$ 3.39	$ 2.90	$ 2.27	$ 2.09
Book value per share (6)	**$ 14.55**	$ 11.52	$ 9.51	$ 8.47	$ 4.38	$ 3.14
Basic earnings per share (7)	**$ 3.05**	$ 2.18	$ 1.68	$ 1.81	$ 1.41	$ 1.14
Price earnings ratio (8)	**4.7**	7.1	9.2	8.3	5.7	4.1
Weighted average number of shares outstanding (9)	**4,529**	4,918	5,198	4,531	4,119	4,248

(1) Return on equity was calculated by dividing net income by average shareholders' equity

(2) Operating ratio was calculated by dividing total expenses before interest and taxes by revenue

(3) Debt to equity was calculated by dividing total debt (including future tax obligations) by shareholders' equity

(4) Cash flow was calculated as cash from operations before the effect of changes in non-cash working capital (000's omitted)

(5) Cash flow per share was calculated by dividing cash flow by the average number of shares outstanding

(6) Book value per share was calculated by dividing shareholders' equity by the number of shares outstanding at year end (000's omitted)

(7) Basic earnings per share was calculated by dividing net income by the weighted average number of shares outstanding during the year

(8) Price earnings ratio was calculated by dividing year end closing price by earnings per share

(9) (000's omitted)

Contrans Corp.
1179 Ridgeway Road, Woodstock, Ontario N4S 8P6
Tel: (519) 421-4600 Fax: (519) 539-9220
www.contrans.ca